



## New Jersey Department of Children and Families Policy Manual

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### Policy

#### **5.1 Introduction**

This section of the manual provides instructions for the Department's standard fiscal annex(es) for non-cost-related and cost-related contracts.

#### **5.2 Non-Cost-Related Contracts - Annex B-2**

The [Annex B-2: Contract Rate Information Summary](#) is used for non-cost-related contracts to indicate the fixed payment rate per unit of service delivered. The Annex B-2 is always prepared by the Department prior to contract execution and a copy forwarded to the provider agency along with the fully executed contract package.

Click here to view and access the [Annex B-2: Contract Rate Information Summary](#).

### **5.3 Cost-Related Contracts - Annex B and Annex B-2**

The Annex B: Contract Budget Package forms have been developed for Department of Children and Families' cost-related third-party social service and training contracts. These forms are to be used for all cost-related contracts regardless of the payment method used. The forms provided for uniformity in the preparation of contract budgets and expenditure reports while allowing for variations which occur among contracts and individual provider agencies' books and records.

These instructions are confined to the subject of preparation of a budget which identifies the full allocable costs of work under generally accepted accounting principles. They do not mandate the amount of Department participation in the financing of a particular program or activity. The individual divisions within the Department may choose to refrain from participating or limit their participation in any given cost, even though the cost may be "allowable" or referenced in the instructions.

Please read this manual and the Department's [Contract Policy and Information Manual](#) before proceeding with these instructions. The instructions presuppose a thorough familiarity with the terms used and the policies established in the manuals. Pay particular attention to Section 4, Principles for Determining Costs in this manual. Then read through the instructions and the sample budget before completing the budget forms.

#### **Scope**

The Annex B must be completed to reflect the provider agency's total financial activities, including Department funded and non-funded components, unless:

1. the Department is charged for only direct costs and not charged for an indirect or general and administrative costs; and
2. the Department is not being charged for any allocated costs of any kind.

If the provider agency's total financial activities are not reflected on the Annex B, the provider may only charge the Department for "direct costs" as defined in Section 4.3 Cost Objectives, Direct Costs.

#### **Budget Period**

A budget package must be completed for every period of 12 months or less for which services are provided. Depending on (1) the length of the proposed contract term and (2) whether or not the contract term and the provider agency's fiscal year begin on the same date, it may be necessary to prepare only one or as many as three budgets to cover an entire contract term. In most cases, as many budgets as are necessary to cover the entire contract term should be submitted simultaneously to the Department during contract negotiations.

Click here to see an [illustration of the budgets](#) required for several combinations of contract term and provider agency fiscal year.

## **Annex B: Contract Budget Package and Instructions**

An Annex B: Contract Budget Package must include the following forms:

[Annex B: Contract Information Form](#)

[Annex B: Contract Expense Summary](#)

Annex B: Contract Expense Detail - Personnel

Annex B: Contract Expense Detail - Other than Personnel

In addition to the forms listed above, the package must include the following schedules, as appropriate:

Schedule 1: Cost Allocation Date

[Schedule 2: Revenue](#)

[Schedule 3: Applicable Credits](#)

[Schedule 4: Related Organizations](#)

[Schedule 5: Depreciation/Use Allowance](#)

[Schedule 6: Cost of Equipment](#)

[Annex B-2: Contract Rate Information Summary](#)

## **Annex B: Contract Information Form**

The purpose of the [Annex B: Contract Information Form](#) is to provide general information about the provider agency, the contracts it has with the Department and other organizations and agencies, and the services it provides.

At the top of the form complete the following:

1. Agency Name: indicate the incorporated name of the provider agency.
2. Address: indicate the address of the provider agency, not specific program site address(es).
3. Phone: indicate the telephone number of the provider agency, not specific program site telephone number(s).
4. Chief Executive Officer: indicate the Chief Executive Officer or Executive Director of the provider agency, not program director(s).
5. The person preparing, not typing, the form should indicate his/her name and the date the budget package or expenditure report was completed. If the budget is revised, the date must be changed to reflect the date the budget package was revised.

6. Agency Federal I.D.#: indicate the provider agency's federal identification number.
7. Charities Registration #: indicate the provider agency's Charities Registration Number obtained from the Department of Law and Public Safety, Division of Consumer Affairs, Charities Registration Section.
8. Indicate whether the provider is non-profit agency, for-profit agency, or public agency.
9. Budget Period: indicate the beginning and ending date of the period covered by the attached budget. Asterisk any contract which is not concurrent with the provider agency's fiscal year and indicate the contract term.
10. Agency Fiscal Year End: indicate the last day (month and day) of the provider agency's fiscal year.
11. Schedules Completed: circle the number of each schedule completed and include in the budget package.
12. Indicate whether the budget is prepared on the cash or accrual basis of accounting.

The lower half of the form has been provided to indicate specific information and provider agency's contracts and services. Indicate information concerning Department of Children and Families contracts first, then list all other contracts. Attach additional forms as needed.

13. Contracting Departmental component: indicate the abbreviation of the division within the Department of Children and Families with which the provider agency has the contract. If the contract is with an office within the Department, specify DCF and the office.

DYFS - Division of Youth and Family Services  
DCBHS – Division of Children's Behavioral Health Services  
DPCP – Division of Prevention and Community Partnership  
DCF - Department of Children and Families \_\_\_\_\_

14. Contract #: indicate the contract number. If the provider agency does not know the contract number, the Departmental component will complete this section.
15. Column # and Program Name: indicate the column number used for each program in the [Annex B: Contract Expense Summary](#). Use the same column # and program name throughout the package.

16. Reimbursable Ceiling: indicate the contract reimbursable ceiling.
17. Type of Service: indicate the specific program service provided, e.g., homemaker, day care, and counseling. If the provider agency has an approved cluster, indicate the cluster name.
18. & 19. Contract Type and Payment Methodology: indicate the applicable contract type and payment method. Refer to Section 3, Types of Contracts for a discussion of the various contract types and payment methodologies.

Non-Cost-Related

- a. Fixed Rate
- b. Installment Payment

Cost-Related Contracts

- a. Fixed Price
  - (1) Fixed Rate
  - (2) Installment Payment
- b. Cost Reimbursement
  - (1) Periodic Payment of Reported Expenditures
  - (2) Installment Payment
  - (3) Provisional Rate

20. Departmental component Contract Person: indicate the Departmental component's contact person for the contract.
21. Provider Agency Contact Person & Telephone #: indicate the name and telephone number of the individual within the provider agency who is knowledgeable of the contract and can answer questions about the contract budget.
22. Budget/Expenditure Report: The provider agency authorized signatory or fiscal officer must certify to the completeness/accuracy of the budget or expenditure report as submitted.
23. The box in the lower left hand corner is for Departmental component use only.

Annex B: Contract Expense Detail

The Annex B: Contract Expense Detail forms serve a dual purpose. They are used to provide (1) the projected expense detail necessary to support the [Annex](#)

[B: Contract Expense Summary](#); and (2) the actual expense detail needed to satisfy expenditure reporting requirements. Refer to Section 6 for information concerning expenditure reporting. The Annex B: Contract Expense Detail forms and applicable Schedules 1-6 should be completed before the [Annex B: Contract Expense Summary](#).

At the top of each form indicate the provider agency name, the purpose for which the forms are being completed, and the budget period covered. The space provided for contract number will be completed by Departmental component personnel. In the space provided under Columns 2 thru 7, indicate the program name. The program name and the specific column used for projecting the budgeted costs for the program must be consistently used on each of the budget forms. All forms should be typed and all cost figures rounded off to the nearest whole dollar for each item and category.

On the Annex B: Contract Expense Detail forms, Column 1 should contain the provider agency's total costs. Columns 2 through 9 should reflect the allocation of Column 1 expenses to the various provider agency programs/activities. Separate columns must be used to identify costs applicable to each program/activity. For example, a multi-program/multi-funded provider agency may operate a day care program, a counseling program, and a homemaker program. Columns 2 through 4 should reflect the costs of the three separate programs. If there were no other programs, Columns 5, 6, and 7 are left blank.

It might be necessary to account separately for the costs of a particular component of a contracted program. If this is required, a separate column(s) should be used to show these costs. An example of this might be a requirement to identify the room and board cost of a residential treatment program. Costs associated with room and board, such as facility costs allocable to living areas, food service costs allocable to residential clients (other than food service costs funded by an educational program), and applicable personnel costs, would be included in one of the unused columns.

An agency operating more than six separate programs/service components should use additional budget forms to list the additional program/service components and include the costs in Column 1 under Total.

There are two versions of the Expense Detail form: the first, entitled Personnel, is to be used only for Budget Category A: Personnel; the second, entitled Other Than Personnel, is to be used for all budget categories.

The [Annex B: Contract Expense Detail - Personnel](#) form provides for cost detail pertaining to salaries and wages and fringe benefits. In the space provided under Columns 2-7 indicate the provider agency's various programs/service components by name. The first four unnumbered columns are provided to identify information about provider agency full and part-time employees, positions, and hours of employment. Column 1 amounts must equal the total salary/wages of the employee. Columns 2-9 are provided for the proper identification and allocation of costs to the appropriate provider agency program/activity. Sub-total the salary/wages before listing fringe benefit costs.

When listing fringe benefits use the space provided for title of position/employee name to list each fringe benefit. Show the total of each fringe benefit in Column

1 and show the direct or statistical allocation of the total to each program/activity in Columns 2-9.

After completing the Salaries and Wages and Fringe Benefits, indicate the total for each column and carry it forward to the [Annex B: Contract Expense Summary](#), Budget Category A: Personnel.

The [Annex B: Contract Expense Detail - Other Than Personnel](#) form is a generic form which is to be used for all other cost detail. Use as many of the forms as are needed. The first item listed on this form should be Budget Category B: Consultants and Professional Fees.

After itemizing the costs for each Budget Category B through F, the total for each should be forwarded to the appropriate budget category on the [Annex B: Contract Expense Summary](#). If a category does not have a budget amount, it should still be listed on the Contract Expense Detail form and a zero amount ("0") typed in Column 1: Total.

The following is a discussion of the six budget categories and items to be provided under each category. Specific types of costs of the provider agency should be grouped into the six major budget categories, i.e., Personnel, Consultants & Professional Fees, Materials and Supplies, Facility Costs, Specific Assistance to Clients, and Other.

#### Budget Categories A through G:

##### A. Personnel

1. Salaries and Wages - The salaries and wages of all full-time or part-time employees must be entered in this section under the appropriate program(s) or activity(ies).
2. Fringe Benefits - Itemize all supplementary compensation and benefits, such as FICA, State Unemployment and Disability Insurance, health insurance, life insurance, pension or retirement benefits, and workers' compensation. Allocate the total costs to all provider agency activities (Columns 2 through 9) based on the distribution of total salaries and wages or by direct identification. Furnish supporting worksheets and schedules detailing the itemized expenses and the basis for the budgeted amounts.

If the provider agency has a fringe benefits rate approved by the U.S. Department of Health and Human Services or another governmental agency, this rate may be utilized for budgeting and expenditure reporting. Indicate the approved rate and attach a copy of the complete Negotiation Agreement containing the approved rate and apply the rate to the appropriate salaries and wages reflected in Columns 1 through 9.

##### B. Consultants and Professional Fees

These costs represent service agreements or fees for services rendered by professional organizations or by members of a profession who are not employees of the provider agency. These costs are for services such as medical, education, psychiatric/psychological, legal, accounting, employment,

data processing, payroll preparation, and management services. Specify the service, rate and method of payment, and basis of allocation. Attach a copy of any such agreement.

C. Materials and Supplies

1. Consumable Supplies - Include the costs of materials and supplies necessary to carry out the objectives of the program. These may include medical, programmatic, vocational and recreational supplies. These types of costs should be identified specifically with a particular program. Other costs such as laundry, housekeeping, and office supplies and expenses are general and administrative in nature and should be indicated in Column 9. All costs should be adjusted to reflect any discounts, rebates, refunds, credits, or allowances received by the provider agency.
2. Food - Food costs for staff and clients must be shown separately. Costs of food and beverages should be charged to provider agency activities (including unallowable and general and administrative activities) based on the number of meals served. Food costs should be adjusted to reflect all discounts, allowances, and income received from other funding sources, such as the Child Nutrition Program sponsored by the N.J. Department of Education.

D. Facility Costs

These costs represent all expenses associated with the usage and maintenance of buildings and equipment utilized by the provider agency. Facility costs constitute a significant portion of the total provider agency costs and must be allocated on a logical and equitable basis (usually square footage) so as to charge all functions of the provider agency with their appropriate share of the costs. The provider agency may elect to "cost allocate" the various facility costs or may include all the costs under General and Administrative Costs (Column 9) and allocate the facility costs, together with other general and administrative costs, in Budget Category G, General and Administrative Cost Allocation. If cost allocation is the method chosen, clearly indicate the basis for the allocation of each cost item. Provide adequate supporting documentation to justify the cost allocation (e.g., square footage layout of total facilities, indicating functional units utilizing the space).

1. Depreciation/Use Allowance (and interest expense applicable to depreciable capital assets) - Complete Schedule 5. In Column 1 indicate the total allowable depreciation/use allowance as reflected in Schedule 5, Column K, and distribute the total cost to Columns 2 through 9.
2. Rental of Space - Itemize the total allowable rental costs for space and land, and attach copies of rental agreements.
3. Maintenance and Repair - Itemize the normal upkeep costs which neither add to the permanent value of the property nor appreciably prolong its useful life. Such costs may include housekeeping, minor repairs and the purchase of small items of maintenance equipment and tools which are considered recurring costs and which do not meet the definition of equipment as defined in the Glossary.



4. Utilities - Itemize the costs of electricity, telephone, gas, oil, water, and sewerage.
5. Insurance - Itemize the cost of insurance applicable to facilities.
6. Other - Itemize the cost of any miscellaneous facility-related costs not listed in paragraph 1 through 5 above.

E. Specific Assistance to Clients

Include in this category cash given to clients and expenditures made to purchase personal items for client use. These types of costs may be budgeted only if applicable to contract services and approved by the Department.

1. Allowances - The amount of any allowance paid to each client must be consistent with program objectives. Show all calculations supporting the total amount budgeted, including the amount per client for the applicable period and the client population.
2. Personal Items - These include such items as health and beauty aids necessary to maintain clients' hygiene, clothing, and personal appearance.
3. Other - Itemize all other expenses associated with specific assistance to clients not covered in paragraph 1 and 2 above.

F. Other

Include in this category all other costs not covered in the previous categories. Examples are:

1. Travel and Transportation - Include travel costs related to program operations. Itemize costs for transporting clients, staff travel, vehicle operating costs, depreciation of vehicles, rental costs and vehicle/travel related insurance.
2. Training, Conferences, and Meetings - Include training costs and expenses for meetings and conferences which are for the dissemination of technical information relative to the provider agency's program activities.
3. Dues and Subscriptions - Include costs for memberships in trade, business, professional, or technical organizations and for subscriptions to professional periodicals.
4. Interest - Include total interest expense not related to capital assets. Interest expense applicable to depreciable capital assets should be included in Schedule 5 and, as instructed above, in Budget Category D, Facility Costs.
5. Insurance - Itemize all insurance costs not included previously.
6. Miscellaneous - Itemize all other costs not specifically provided for in the budget categories and subcategories discussed above.

## 7. Indirect Cost Rate

### Government Approved

If the provider agency has an indirect cost rate approved by the U.S. Department of Health and Human Services or another governmental agency, it may utilize the rate for budgeting and expenditures reporting. Indicate (1) the approved rate; (2) the type of rate (i.e., provisional, fixed, predetermined, final); and (3) the base on which it is applied (e.g., total direct salaries and wages, total direct costs). Submit a copy of the complete Negotiation Agreement containing the approved rate. Apply the negotiated rate to the appropriate base, and include the resultant amount in Column 1, Total Cost, and in Column 9, General and Administrative Costs. Do not include any amount for indirect costs in Columns 2 through 8 at this time. The distribution of the indirect costs to the provider agency activities in these columns is to be made in Budget Category G, General and Administrative Cost Allocation on the [Annex B: Contract Expense Summary](#).

If an approved indirect cost rate is used, any expense item included in the indirect cost pool must not be included in any other part of the budget as a direct program cost. For example, the cost applicable to the provider agency's chief executive officer should not appear in Budget Category A: Personnel as a direct program cost if it is part of the indirect cost pool used to compute the approved rate.

## G. General and Administrative Cost Allocation

The general and administrative (G&A) or indirect costs of the provider agency represent costs which are incurred for common or joint objectives and which are not readily subject to treatment as direct costs. Minor direct cost items may be considered as G&A costs for reasons of simplicity and practicality. The purpose of this line in the budget is to distribute the G&A costs (Column 9) from Budget Categories A through F to the various programs and activities itemized in Columns 2 through 8. Such distribution must be based on the relative benefits provided to those programs and activities.

The total G&A costs of Categories A through F may be distributed to Columns 2 through 8 based on one allocation method, e.g., direct salaries and wages or total indirect costs, provided the distribution basis fairly represents the benefits accruing to the programs and activities. Where it is necessary to utilize more than one allocation method to distribute two or more G&A cost groupings equitably, attach a cost allocation plan supporting the distribution. Examples of a G&A cost allocation on more than one basis follow:

<u>G&amp;A Cost Groupings</u>	<u>Basis for Allocation</u>
1. Administrative salaries and wages plus applicable fringe benefits; auditing and legal fees, office supplies, postage, communications, dues and subscriptions, and	Total direct costs (Budget Categories A through F) of programs and activities represented in Columns 2 through 8

miscellaneous.

- |   |  |
|---|--|
| 2. Maintenance and housekeeping salaries and wages plus applicable fringe benefits; and facility costs. | Square foot usage of programs and activities represented in Columns 2 through 8. |
|---|--|

For further explanation and clarification of G&A (indirect) costs, refer to Section 4, Principles For Determining Costs.

The following instructions apply if the provider chooses to use total direct costs as the distribution base for allocating G&A costs (Column 9):

1. Indicate the total costs of Categories A-F in Columns 1-9;
2. Indicate each Column's percentage of the Total (Column 1);
3. Subtract the amount of Column 9 from Column 1;
4. Divide the total amount of each column (2-8) by the difference of Column 1 minus 9 (step 3);
5. Multiply the resulting percentage from step 4 by the total amount of Column 9;
6. Indicate the resulting amount for each column (the amount for each column represents the program's/activity's proportionate share of the G&A costs);
7. Transfer the amount for each column to the [Annex B: Contract Expense Summary](#), Category G: General and Administrative Cost Allocation, Columns 2-8.

If the provider chooses to use total salaries and wages as the distribution base for allocating G&A costs, the same procedural steps should be used, substituting total salary and wage costs for total costs.

#### [Schedule 1: Cost Allocation Data](#)

Proper cost allocation requires that the distribution base used to allocate items or groupings of indirect costs be the best suited for assigning these costs to the cost objective (e.g., contract, program, or activity) in proportion to the relative benefit derived. There must be a traceable cause and effect relationship or a logical and reasonable relationship between the distribution base and the costs being allocated.

#### [Schedule 2: Revenue](#)

Itemize revenues, whether generated by providing services or contributed to the provider agency for the support of its budgeted costs, by program/activity. The various types of revenue must be grouped into the following categories to facilitate the review process:

Department Contract Generated Revenue - List all income generated by the provider agency in connection with the delivery of Department contract services, e.g., Department client rental payments and Department client fees, interest, any income and/or dividends earned on Department funds, and income from third party insurance.

Provider Agency Revenue Used as Cost Sharing - These revenues should be sub-divided into two categories: required cost sharing and voluntary/negotiated cost sharing.

1. Required Cost Sharing:

- a. When the Department provides funding for the delivery of less than 100% of the program, the provider agency must identify the other funding sources and the total amount from each source. In addition, back-up must be provided to verify that the other funding sources are being charged their proportionate share of the cost of the program.
- b. When the Department requires match for certain contracts, for example, for SSBG service (not training) contracts, the provider agency must meet certain matching requirements as specified in Department Policy DCF.P6.01-2007.

2. Voluntary/Negotiated Cost Sharing:

When other resources (income from endowments, fund raising, gifts) are available to reduce the cost of services delivered to contract clients, the amount of provider agency participation in the cost of the programs will be based on an agreement between the Department and the provider agency, taking into consideration the provider agency's fund balances, the formal plans (as approved by the governing board) for deployment of fund balances, and the provider agency's ability to generate the needed revenues.

Prior year overpayment - when the Department has determined an amount to be a prior year overpayment requiring provider agency repayment to the Department, the source and amount of the overpayment, with Department approval, should be shown as revenue to reduce the cost of services.

Provider Agency Revenue Not Used as Cost Sharing - List other revenues received or generated by the provider agency which will not be used to reduce the cost of Department funded programs, but which will be used to fund other budgeted costs.

The sub-totals for each category should be totaled at the bottom of the schedule and transferred to [Annex B: Contract Expense Summary](#), Line K.

[Schedule 3: Applicable Credits](#)

Applicable Credits means the receipts or reductions of expenditures which operate to offset or reduce expense items allocable to the contract as direct or indirect costs. Any rental incomes, planned sales of scrap or incidental services, or other recoveries of expenditures should be included on this schedule.

Estimate the applicable credits or miscellaneous income items which are anticipated for the budget period. Where possible, utilize past experience and data to make a realistic projection of the credits. Indicate the total amount of the credit or income item anticipated for the budget period.

Specify the appropriate treatment of each credit or income item by indicating the budget category and expense item in Annex B: Contract Expense Detail which was offset or reduced. If the credit or income item is not applicable to the budgeted expenditures, indicate so under the "Treatment" column and include a brief explanation in the space provided for explanatory notes.

#### Schedule 4: Related Organization

Report on this schedule any budgeted or actual purchases from related organizations. A related organization is one under which one party is able to control or influence substantially the actions of the other. Such relationships include but are not limited to those between (1) divisions of an organization; (2) organizations under common control through common officers, directors, or members, and (3) an organization and a director, trustee, officer, or key employee or his/her immediate family, either directly or through corporations, trusts, or similar arrangements in which they hold a controlling interest.

Costs of services, facilities, and supplies furnished by organizations related to the provider agency must not exceed the competitive price of comparable services, facilities, or supplies purchased elsewhere.

#### Schedule 5: Depreciation/Use Allowance

Column A: Depreciable Capital Asset Items include buildings (excluding land), equipment, furniture, and fixtures, as well as capital asset improvements and renovations which materially increase the value or useful life of an asset. Refer to Section 4, Principles for Determining Costs - Depreciation and Use Allowances for further explanation.

Itemize individual capital assets within a particular type of asset if they require a separate basis for allocation. Attach additional sheets if necessary.

Column B: Acquisition Cost means the actual price paid for an asset, or, in the case of a donated item, the fair market value of the asset at the time it was donated.

Column C: Exclusions mean (1) any portion of the acquisition costs in Column B which was borne directly or indirectly by any level of government and (2) the acquisition cost of any listed asset for which legal title is not held and (3) any portion of the cost of buildings and equipment contributed by or for the provider in satisfaction of a statutory matching requirement.

Column D: Column B minus Column C.

Column E: Indicate the accumulated depreciation reported on the provider agency's books and records. This includes any prior period charges made to Department contracts.

Column F: Determine the net book value of a capital asset only if the item is depreciated on the provider agency's books and records. The net book value is calculated by subtracting the accumulated depreciation in Column E from the adjusted cost basis in Column D.

Column G: Indicate the annual depreciation expense which will be recorded on the provider agency's books and records and published in its financial statements for the period which most nearly corresponds with the budget/reporting period. The calculation of the depreciation amount must be in accordance with generally accepted accounting principles and the governing principles for determining costs.

Column H: Where depreciation is not reported on the provider agency's books and records, apply the appropriate use allowances (two percent for buildings and capital improvements and six and two-thirds percent for equipment) to the adjusted cost basis figures in Column D. If an asset is fully depreciated, no use allowance is permitted without prior approval of the Department.

Column I: Indicate the annual interest expense attributable to Column A assets that are depreciated on the provider agency's books and records. The amount(s) shown should be for the provider agency's fiscal year which most nearly correspond with the budget/reporting period. Interest expense is not allowable for assets to which a use allowance is applied (Column H) in lieu of depreciation. For this reason, provider agencies are encouraged to maintain adequate records to permit the recording and charging of depreciation in accordance with generally accepted accounting principles and the governing principles for determining costs.

Column J: Column G plus Column I.

Column K: Include the proportionate amounts of either Column J (Annual Depreciation and Interest Expense) or Column H (Annual Use Allowance) to reflect the amount applicable to the number of months in the budget/reporting period. If the period is the provider agency's fiscal year, include the full amount. If less than 12 months, include the appropriately prorated amount.

#### [Schedule 6: Cost of Equipment](#)

On this schedule detail the purchase of equipment, i.e., items of nonexpendable tangible personal property having a useful life of more than 2 years and an acquisition cost of \$1,000 or more per unit. Such purchases must be in compliance with Section 4, Principles for Determining Costs, and the Department Policy [DCF.P4.05-2007](#), Equipment. Department participation in the purchase of equipment will preclude Department participation in depreciation and/or use allowance for these items in the current or any future contracts. Supporting documentation in the form of bids, price quotes, etc., must be submitted with the contract package.

Note: Column 9 General and Administrative Costs is not included on this schedule since the cost of equipment is unallowable as an indirect cost.

#### [Annex B-2: Contract Rate Information Summary](#)

The [Annex B-2: Contract Rate Information Summary](#) is used for cost related contracts which are paid on a rate per unit of service delivered. The Annex B-2 is always prepared by the Department prior to contract execution and a copy forwarded to the provider agency along with the final contract package.

#### Annex B: Contract Expense Summary

This form summarizes the provider agency's expense information for the applicable budget period. It should be completed after the Annex B: Contract Expense Detail forms and all supporting schedules have been completed.

Columns 1 through 9, Line A through G, should include expenses in accordance with Section 4, Principles For Determining Costs. Column 1 should contain the provider agency's total costs for each category as itemized in the contract expense detail forms. Columns 2 through 9 should reflect the allocation of Column 1 expenses to the various agency programs and activities.

Column 1 - Total: Fill in the total provider agency costs by category. These figures must correspond with the various category totals contained in the contract expense detail forms, Column 1 - Total. The figures in Column 1 should constitute the provider agency's total financial activities for the applicable budget period, unless the Department is not charged for any indirect, general and administrative, or allocated costs.

Column 2 through 7: The costs included in Columns 2 through 7 represent costs of the various provider agency programs. These costs are taken from the category total contained in the contract expense detail form, Columns 2 through 7.

Column 8 - Unallowable Costs: Enter the provider agency's total projected unallowable costs as defined in Section 4, Principles For Determining Costs. The figure to be entered for each budget category is the total of unallowable costs for each program, as reflected in the contract expense detail forms, Column 8.

Column 9 - General & Administrative Costs: Enter the provider agency's total projected expenses which are general in nature (not directly identifiable with any one program) and/or administrative costs which benefit the provider agency's total operations.

#### LINES H-P

Line H - Total Operating Costs: In Columns 1 through 9, enter the totals of lines A through G.

Line I - Equipment: Total equipment costs shall be included in Column 1 and distributed to the appropriate program(s)/activities in Columns 2 through 8. [Schedule 6: Cost of Equipment](#) and accompanying worksheets must be submitted as supporting documentation.

Line J - Total Cost: In Columns 1 through 8, add Line I and Line H. The resultant amounts will reflect all costs of the provider agency's programs/activities and equipment before revenue.



Line K - Revenue: in Columns 1 through 8, enter the provider agency's revenues as reflected in [Schedule 2: Revenue](#).

Line L - Net Cost: in Columns 1 through 8, subtract Line K from Line J. The resultant amount will reflect the total cost of programs and equipment after revenue but before any profit.

Line M - Profit: Inclusion of profit in the cost of the contract is allowable only in the case of for-profit provider agencies. Any profit included must be a fixed amount agreed to in negotiations with the Department. Any amount for profit when added to any budgeted amount for interest expense (as shown in [Schedule 5: Depreciation/Use Allowance](#), Column 1) may not exceed 10% of the contract's Net Cost (Line L). Enter the amount, if any, agreed to in negotiations with the Department.

Line N - Reimbursable Ceiling: In Columns 1 through 7, enter the total of Line L and Line M (where applicable). This total is the maximum Department payment for those programs funded by the Department of Human Services.

Line O - Budgeted Units of Service: Indicate the budgeted units of service to be delivered under each program.

Line P - Unit Cost: Indicate the cost for each budgeted unit of service (Line N minus Line I Divided by Line O).

## **[Annex B-2: Contract Rate Information Summary](#)**

Click here to access [Annex B-2: Contract Rate Information Summary](#).

### **Contract Budget Package: Standard Forms**

Click the links below to access the standard forms:

- [Annex B: Contract Information Form](#)
- [Annex B: Contract Expense Summary](#)
- [Annex B: Expense Detail Personnel](#)
- [Annex B: Contract Expense Detail Other Than Personnel](#)
- [Schedule 1: Cost Allocation Data](#)
- [Schedule 2: Revenue](#)
- [Schedule 3: Applicable Credits](#)
- Schedule 4: Related Organization
- [Schedule 5: Depreciation/Use Allowance](#)
- [Schedule 6: Cost of Equipment](#)



- [Annex B-2: Contract Rate Information Summary](#)

**Contract Budget Package:** [Sample Budget](#)

Click here to access the [Sample Budget](#).